

Terms and Conditions of Sale – 321 Avenue C North – Former Saskatoon Transit Maintenance Facility

ISSUE

Following an open competition sale offering, Administration entered into negotiations with 102141070 SASKATCHEWAN LTD. and 102167142 SASKATCHEWAN LTD. (Caswell Bus Barns) for the sale and adaptive reuse of the former Saskatoon Transit (Transit) Maintenance Facility at 321 Avenue C North (Lots 13 to 36 and Parcels A, B, and C, Block 19, Plan No. G582) as shown on Appendix 1. This report provides an update of the general terms and conditions for the sale that have recently been agreed upon and a Letter of Intent signed, which will form the basis of an Agreement for Sale of the property.

BACKGROUND

The former Transit facility site in the Caswell Hill neighbourhood forms part of the South Caswell Concept Plan (SCCP) endorsed by City Council in 2010. In 2017, Transit vacated the site and relocated to the Saskatoon Civic Operations Centre. Since that time, Administration has been working toward the redevelopment of the former Transit lands in accordance with the goals of the SCCP.

In a [report](#) to the Standing Policy Committee on Finance on [October 1, 2018](#), Administration recommended that the sale of surplus City of Saskatoon (City) land within the SCCP area proceed in a phased approach, beginning with the sale of 321 Avenue C North through an open market (with criteria) sales approach as the buildings were unoccupied, and developers had expressed interest in their potential for adaptive reuse. Also, within the report, Administration committed to providing an update report on the outcome of the proposal call and negotiated terms and conditions.

Following Committee approval of the above-noted sales approach, Saskatoon Land offered the site for sale with scoring criteria based on: price offered, alignment with the goals and intent of the SCCP, proponent capacity, site development and architecture, and proposed timing of development. In December 2018, a preferred proponent was selected through an Open Market with Criteria sales approach. In June 2021, as negotiations for the sale were being finalized, the selected proponent withdrew due to the COVID-19 pandemic's impacts on its business.

In summer 2021, Saskatoon Land began to receive further enquiries from developers expressing interest in 321 Avenue C North. Following the recommended approach for the public sale of the site, Saskatoon Land followed standard procedures for the sale of City-owned land, which included the preparation of a sales proposal package and posting 321 Avenue C North for sale on their website. The sales proposal submission package identified that proposals would be evaluated based on criteria which aligned with the South Caswell Concept Plan goals and objectives, as well as the City's infill and corridor growth policies.

CURRENT STATUS

Saskatoon Land received two proposals prior to the submission closing date of December 31, 2021. Of the two submitted proposals, Caswell Bus Barns scored highest, and was deemed to support and align with the vision and objectives of the South Caswell Concept Plan, the City's infill and corridor growth policies, and the most recent community feedback. Caswell Bus Barns' submission includes the following description of the project:

“The Caswell Bus Barns project is an adaptive re-use development. The main goal of the project is to provide the South Caswell Hill Community with a unique mixed-use building that supports local arts and culture, provides green space, and offers affordable housing for students, seniors and artists. The heritage community of Caswell Hill is highly invested in the outcome of this property and we aim to enhance the neighbourhood by providing a vibrant hub for creative culture, shopping, eating and community amenities.”

Caswell Bus Barns intends to subdivide the site into two separate parcels and build-out the site using a phased approach, starting with renovations and adaptive re-use of the existing building. A second phase will include the development of new residential and commercial buildings on the currently undeveloped north portion of the site. Appendix 2 of this report shows a site plan and project phasing. Appendix 3 shows rendered images of the proposed project.

Saskatoon Land and Caswell Bus Barns have agreed upon general terms and conditions for the sale which have been outlined in a Letter of Intent that will form the basis for an Agreement for Sale. The final Agreement for Sale may include minor adjustments to address as-yet unknown factors, such as those that may arise through the land use amendment process, which must be completed in advance of the Agreement for Sale signing.

Members from the Caswell Hill Community Association were involved in the evaluation and selection of the proponent and have been advised of the pending land sale and next steps in the redevelopment process. Administration and the proponent will continue to engage the Caswell Hill Community Association and South Caswell Hill stakeholders through the process for required land use amendments and as overall plans to repurpose the site progress.

DISCUSSION/ANALYSIS

The site is currently zoned IL1 – General Light Industrial District. The Agreement for Sale will not take effect until a zoning amendment is approved by City Council to rezone the property, should City Council choose to do so, from the current industrial district to a mixed-use district, providing certainty to the purchaser that the uses it proposes will be permitted prior to making extensive investments in the property. Additionally, it ensures

that any future uses comply with the proposed mixed-use district and align with community expectations as outlined in the SCCP.

A summary of the agreed-upon terms and conditions in the Letter of Intent is as follows:

- Purchase price for the property is \$2,000,000, with payment of \$1,100,000 for Site A being due March 29, 2024, and payment of \$900,000 for Site B due May 31, 2026;
- A \$200,000 non-refundable deposit is due upon execution of an Agreement for Sale and will be applied to the Purchase Price of Site A;
- Caswell Bus Barns will be permitted to access the property to clean and undertake minor renovations in advance of possession (renovations taking place during this time will be reviewed and approved by Administration);
- The Vendor and Purchaser will submit a subdivision application for the creation of Sites A and B;
- The Purchaser is responsible for their own service connections to street mains and other shallow buried utilities (e.g. gas, power, and communications);
- The Purchaser will be responsible for the removal and replacement of sidewalk and curb infrastructure along site boundary on Avenue C North and Avenue D North;
- The Purchaser must provide the Vendor with preliminary drawings of proposed improvements for review and approval prior to permit issuance;
- The Purchaser must provide financial information indicating it has sufficient funding to complete improvements, and a business plan or high-level proforma outlining projected costs and revenues; and
- The Agreement for Sale will include a build commitment to ensure construction proceeds within a reasonable timeframe.

FINANCIAL IMPLICATIONS

The sale of the site and buildings will generate \$2,000,000 in sales revenue over the term of the agreement.

The current development is expected to be serviced by existing infrastructure. As redevelopment of additional sites within the SCCP area move forward, there may be additional investments required to increase watermain flow capacities, some of which will be determined based on the requirements of future redevelopment projects in the area. There are watermain upgrades, replacements, and new installations planned that will serve these sites, some of which are part of ongoing asset preservation work, and others subject to capital budget approval as part of corridor infrastructure projects. Although these planned infrastructure upgrades are expected to provide any additional future capacity that may be required, if there are any incremental costs due solely to the development of these properties, the City will work with the developer and follow the same process and cost-sharing approach as other infill sites.

As the development of the subject site progresses and future sites within the SCCP area are brought to market, infrastructure investments may be required if the area is to be developed as envisioned by the SCCP. As the project involves the redevelopment of a City-owned asset, Administration intends to use revenues from the sale of sites within the SCCP area, including the net proceeds from the sale of this subject site to fund these improvements.

The overall financial goal for this project continues to be to work within the funding provided by the project itself. That is, any revenue generated from the property may be reinvested to ensure the area is redeveloped. If the feasibility of this becomes unlikely in the future, Administration will report back to Committee with options.

OTHER IMPLICATIONS

Extensive environmental reporting and remediation of the site has taken place over the last number of years to prepare the site for redevelopment. Saskatoon Land intends to amend the existing Corrective Action Plan to incorporate the proposed development plans for the site, and to proceed with an application to the Minister of the Environment to achieve a Notice of Site Condition for the property.

There are management areas on-site identified within the Corrective Action Plan where potential contamination may remain. As development proceeds, a Health and Safety Plan will be followed and excavation monitored to ensure any contaminated materials that may be identified are disposed of properly. The City will pay the costs for related environmental reporting and testing and the transport of any impacted materials that cannot be disposed of at the City's landfill.

Portions of the existing building are currently in use. The Ukrainian Canadian Congress (UCC) is leasing space for the distribution of furniture and household items for displaced Ukrainians, and a portion of the building is being used by Saskatoon Light and Power for equipment storage. UCC will be notified of lease termination in advance of the developer requiring access to the space to commence renovation of the property. Saskatoon Light and Power have been advised to vacate by July 31, 2023.

There are no privacy, legal, or social implications identified.

NEXT STEPS

As the City is the current owner of the site, Administration has applied for an Official Community Plan Map amendment to amend the SCCP Land Use Map, Zoning Bylaw Map amendment, and a Rezoning application to permit the proposed development. A public information meeting outlining the proposed development and land use amendments is being planned for spring/summer 2023 to gather input from the community.

Land use amendments to the Official Community Plan Map, the SCCP Land Use Map, and Zoning Bylaw Map for City-owned sites within the SCCP area will also proceed

during this time to prepare for the redevelopment of remaining sites in the area. The redevelopment of the remaining sites will include continued community engagement and criteria for sale and development will reference the goals and intent of the SCCP.

APPENDICES

1. Location Plan - 321 Avenue C North
2. Project Site Plan and Development Phasing
3. Project Rendering

REPORT APPROVAL

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